

# State of California

Franchise Tax Board-Legislative Services Bureau  
PO Box 1468  
Sacramento, CA 95812-1468

Telephone: (916)845-4326  
ATSS: 468-4326  
FAX: (916)845-5472

## Legislative Change No.

**99-42**

Bill Number: SB 1229

Author: SR&T Comm.

Chapter Number: 99-987

Laws Affecting Franchise Tax Board:

Section 52514.5 of the Health and Safety Code, Sections 9201 and 9203 of the Probate Code, Sections 17013, 17053.45, 17053.49, 17054.5, 17071, 17073, 17074, 17075, 17076, 17077, 17077.5, 17083, 17084, 17085, 17085.5, 17087, 17132.5, 17134.5, 17139, 17140, 17140.3, 17142.5, 17143, 17144, 17218, 17250, 17268, 17270, 17274, 17275.6, 17276.5, 17287, 17330, 17551, 17551.5, 17552, 17553, 17563, 17639, 17640, 17651, 17671, 17732, 17851, 17852, 17853, 17857, 17859, 17860, 17935, 18601, 18604, 18605, 18622, 18662, 18711, 18721, 18741, 18763, 18782, 18793, 18801, 18812, 18821, 18841, 18851, 18871, 19023, 19053, 19059, 19060, 19089, 19106, 19145, 19151, 19311, 19411, 23043, 23153, 23221, 23335, 23612.2, 23622.7, 23645, 23649, 23701c, 23701q, 23704.5, 23704.6, 23731, 23736.1, 23740, 23776, 23777, 23778, 24306, 24357.6, 24410, 24416.2, 24416.5, 24436.5, 25106, and 25114 of the Revenue and Taxation Code, Section 1185 of the Unemployment Insurance Code

Date Filed with the Secretary of the State: 10/10/1999

SUBJECT: Miscellaneous income tax provisions

**Senate Bill 1229 (Senate Committee on Revenue and Taxation), as enacted on October 10, 1999, makes the following changes to California law:**

Section 52514.5 of the Health and Safety Code is amended.

This act updates a cross-reference to the Revenue and Taxation Code.

Section 9201 of the Probate Code is amended.

This act updates a cross-reference to the Revenue and Taxation Code.

Section 9203 of the Probate Code is amended.

This act updates a cross-reference to the Revenue and Taxation Code.

Section 17013 of the Revenue and Taxation Code is repealed.

This act repeals Section 17013 to remove the non-comprehensive and non-substantive definition of "assessment" because it is unnecessary.

Bureau Director

Johnnie Lou Rosas

Date

11/15/1999

Section 17053.45 of the Revenue and Taxation Code is amended.

This act makes apportionment formula technical clean-up changes to the Local Agency Military Base Recovery Areas (LAMBRA) sales or use tax credit made necessary by the enactment of AB 2798 (Stats. 1998, Ch. 323). AB 2798, as enacted, modified the apportionment formula for all other economic development area tax incentives, including the LAMBRA net operating loss (NOL), but inadvertently left out the modifications for the apportionment formula for the LAMBRA sales or use tax credit.

Section 17053.49 of the Revenue and Taxation Code is amended.

This act makes changes to the manufacturer's investment credit (MIC) that inadvertently were left out of AB 2798 (Stats. 1998, Ch. 323). AB 2798 extended the MIC to manufacturers of custom or prepackaged computer software partly by adding computers and computer peripheral equipment to the definition of "qualified property." However, AB 2798 failed to modify a reference to "qualified property" contained in another subdivision relating to certain capitalized labor costs qualifying for the MIC. This act modifies the reference to "qualified property" to ensure that the reference includes the change made by AB 2798 regarding computers and computer peripheral equipment, as well as restored the capitalized labor costs qualifying for the MIC to the same class of taxpayers who qualified for such items prior to the enactment of AB 2798.

Under uncodified law at Section 104, this act provides that these MIC changes apply to the same taxable or income years as does AB 2798 – those beginning on or after January 1, 1998.

NOTE: As provided by uncodified law at Section 106 of this act, Section 17053.49 was joined to AB 473. If both bills had been enacted, the changes made to Revenue and Taxation Code Section 17053.49 by this act would have remained operative only until the operative date of AB 473 and then the changes made by AB 473 would have become operative. However, AB 473 was not enacted; thus only the changes made to Section 17053.49 by this act are operative.

Section 17054.5 of the Revenue and Taxation Code is amended.

This act specifies that a taxpayer who uses the head of household filing status or surviving spouse filing status cannot claim the dependent parent credit.

Section 17071 of the Revenue and Taxation Code is amended.

This act makes consistent the grammatical language of the provisions that adopt federal law by reference.

Section 17073 of the Revenue and Taxation Code is amended.

This act makes consistent the grammatical language of the provisions that adopt federal law by reference.

Section 17074 of the Revenue and Taxation Code is amended.

This act makes consistent the grammatical language of the provisions that adopt federal law by reference.

Section 17075 of the Revenue and Taxation Code is amended.

This act makes consistent the grammatical language of the provisions that adopt federal law by reference.

Section 17076 of the Revenue and Taxation Code is amended.

This act eliminates unnecessary language as no longer necessary because of general date change conformity.

Section 17077 of the Revenue and Taxation Code is amended.

This act makes consistent the grammatical language of the provisions that adopt federal law by reference.

Section 17077.5 of the Revenue and Taxation Code is repealed.

This act repeals Section 17077.5 as no longer necessary because of general date change conformity.

Section 17083 of the Revenue and Taxation Code is amended.

This act makes consistent the grammatical language of the provisions that adopt federal law by reference.

Section 17084 of the Revenue and Taxation Code is repealed.

This act repeals Section 17084 as no longer necessary because of general date change conformity.

Section 17085 of the Revenue and Taxation Code is amended.

This act makes consistent the grammatical language of the provisions that adopt federal law by reference.

Section 17085.5 of the Revenue and Taxation Code is repealed.

This act repeals Section 17085.5 as no longer necessary because of general date change conformity.

Section 17087 of the Revenue and Taxation Code is amended.

This act makes consistent the grammatical language of the provisions that adopt federal law by reference.

Section 17132.5 of the Revenue and Taxation Code is repealed.

This act repeals Section 17132.5 as no longer necessary because of general date change conformity.

Section 17134.5 of the Revenue and Taxation Code is repealed.

This act repeals Section 17134.5 as no longer necessary because of general date change conformity.

Section 17139 of the Revenue and Taxation Code is repealed.

This act repeals Section 17139 as no longer necessary because of general date change conformity.

Section 17140 of the Revenue and Taxation Code is amended.

This act makes changes that AB 2812 (Stats. 1998, Ch. 954) made to the Bank and Corporation Tax Law (B&CTL) Scholarshare provisions, but failed to include in the Personal Income Tax Law (PITL) provisions.

Section 17140.3 of the Revenue and Taxation Code is amended.

This act makes a technical correction to the Scholarshare provision made necessary by the enactment of AB 2797 (Stats. 1998, Ch. 322).

Section 17142.5 of the Revenue and Taxation Code is amended.

This act makes consistent the grammatical language of the provisions that adopt federal law by reference.

Section 17143 of the Revenue and Taxation Code is amended.

This act makes consistent the grammatical language of the provisions that adopt federal law by reference.

Section 17144 of the Revenue and Taxation Code is amended.

This act eliminates language that no longer is necessary because of general date change conformity.

Section 17218 of the Revenue and Taxation Code is repealed.

This act repeals Section 17218 as no longer necessary because of general date change conformity.

Section 17250 of the Revenue and Taxation Code is amended.

This act eliminates language that became obsolete from the passage of time and makes consistent the grammatical language of the provisions that adopt federal law by reference.

Section 17268 of the Revenue and Taxation Code is amended.

This act makes technical changes to the LAMBRA provisions made necessary by the enactment of AB 3 (Stats. 1998, Ch. 1012). Specifically, this act deletes the sunset and repeal dates of the LAMBRA business expense deduction intended to be deleted by AB 3.

Section 17270 of the Revenue and Taxation Code is amended.

This act updates a reference to the Internal Revenue Code (IRC) to reference "employment credits" instead of "targeted jobs credits." This change was made necessary by an amendment to the IRC section to which this section refers.

Section 17274 of the Revenue and Taxation Code is amended.

This act clarifies that substandard housing could be housing that is either (1) occupied, or (2) unoccupied or abandoned.

Section 17275.6 of the Revenue and Taxation Code is repealed.

This act repeals Section 17275.6 as no longer necessary because of general date change conformity.

Section 17276.5 of the Revenue and Taxation Code is amended.

This act makes technical changes to the LAMBRA provisions made necessary by the enactment of AB 3 (Stats. 1998, Ch. 1012). Specifically, this act deleted the sunset and repeal dates of the LAMBRA NOL provisions intended to be deleted by AB 3.

Section 17287 of the Revenue and Taxation Code is amended.

This act makes consistent the grammatical language of the provisions that adopt federal law by reference.

Section 17330 of the Revenue and Taxation Code is repealed.

This act repeals Section 17330 as no longer necessary because of general date change conformity.

Section 17551 of the Revenue and Taxation Code is amended.

This act eliminates language that became obsolete from the passage of time and makes changes to make consistent the grammatical language of the provisions that adopt federal law by reference.

Section 17551.5 of the Revenue and Taxation Code is repealed.

This act repeals Section 17551.5 as no longer necessary because the language became obsolete from the passage of time and because of general date change conformity.

Section 17552 of the Revenue and Taxation Code is amended.

This act makes consistent the provisions that adopt federal law by reference.

Section 17553 of the Revenue and Taxation Code is amended.

This act makes consistent the grammatical language of the provisions that adopt federal law by reference.

Section 17563 of the Revenue and Taxation Code is repealed.

This act repeals Section 17563 as no longer necessary because the language became obsolete from the passage of time and because of general date change conformity.

Section 17639 of the Revenue and Taxation Code is amended.

This act makes a technical correction by changing the word "subparagraph" to "paragraph."

Section 17640 of the Revenue and Taxation Code is amended.

This act makes technical corrections by including a number for a previously unnumbered subdivision and changing the word "paragraph" to "subdivision" in two places.

Section 17651 of the Revenue and Taxation Code is amended.

This act makes technical corrections by including the appropriate subdivisions of the code sections referenced in this section and by changing the word "such" to "that."

Section 17671 of the Revenue and Taxation Code is amended.

This act eliminates language that no longer is necessary because of general date change conformity.

Section 17732 of the Revenue and Taxation Code is amended.

This act makes consistent the grammatical language of the provisions that adopt federal law by reference.

Section 17851 of the Revenue and Taxation Code is amended.

This act makes consistent the grammatical language of the provisions that adopt federal law by reference.

Section 17852 of the Revenue and Taxation Code is repealed.

This act repeals Section 17852 as no longer necessary because the language was obsolete.

Section 17853 of the Revenue and Taxation Code is amended.

This act makes consistent the grammatical language of the provisions that adopt federal law by reference.

Section 17857 of the Revenue and Taxation Code is amended.

This act makes consistent the grammatical language of the provisions that adopt federal law by reference.

Section 17859 of the Revenue and Taxation Code is repealed.

This act repeals Section 17859 as no longer necessary because of general date change conformity.

Section 17860 of the Revenue and Taxation Code is repealed.

This act repeals Section 17860 as no longer necessary because of general date change conformity.

Section 17935 of the Revenue and Taxation Code is amended.

This act allows limited partnerships that ceased doing business prior to January 1, 1997, that filed a final return for a taxable year ending before January 1, 1997, and filed a certificate of dissolution prior to January 1, 1997, to be relieved of their tax liability for the period following the date the certificate of dissolution was filed if that limited partnership files a certificate of cancellation with the Secretary of State at anytime from the date of enactment of this proposed legislation to the date that is no later than 60-days after the date of the mailing of a notice of proposed deficiency or a notice of tax due for any period following the date the certificate of dissolution was filed.

Section 18601 of the Revenue and Taxation Code is amended.

This act requires corporate taxpayers to file tax returns "on or before the 15th day of the third month following the close of the income year."

This change is a technical correction that conforms to federal law and other provisions of state law to eliminate ambiguity with respect to the due date for filing a tax return. During the 1997-1998 Legislative session, a similar proposal, AB 1694, passed into law to conform to federal law the filing requirements of a partnership, limited partnership, and limited liability company.

Section 18604 of the Revenue and Taxation Code is amended.

This act deletes the language that provides that payment of estimated tax is a prerequisite for receiving an extension of time to file a return.

Section 18605 of the Revenue and Taxation Code is repealed.

This act repeals a redundant section of law that authorizes the department to grant a reasonable extension of time to exempt organizations for filing their annual information return or statement, allowing a single section of law to be all encompassing for entities subject to the B&CTL.

Section 18622 of the Revenue and Taxation Code is amended.

This act defines the final federal determination date. The date of final federal determination would be the date on which each adjustment or resolution (assessment, refund or no change) resulting from an Internal Revenue Service (IRS) examination is assessed pursuant to IRC Section 6203 (commonly known as the 23C date).

This act clarifies that notification of a change or correction by the taxpayer or IRS must be sufficiently detailed to allow computation of the resulting California

tax change. This provision clarifies that the statute of limitations starts when sufficient notice is provided to the department by the taxpayer or the IRS.

This act clarifies that taxpayers must notify the department of any federal change that increases tax for any year and to require B&CT taxpayers to report all changes or corrections to gross income or deductions, even if the changes or corrections do not result in an increase in tax payable for any year. This act does not otherwise change the period of time allowed for assessments or refunds.

This act clarifies that taxpayers who are required to report federal changes are required to (1) report each final federal determination, and (2) report changes to any item reportable on the federal income tax return.

Under uncodified law at Section 105, this act provides that these changes apply to federal determinations that become final on or after January 1, 2000.

See also Sections 19059 and 19060 in this report.

Section 18662 of the Revenue and Taxation Code is amended.

This act updates a cross-reference to the Internal Revenue Code.

Section 18711 of the Revenue and Taxation Code is amended.

This act deletes language that became redundant and unnecessary as a result of the general provision provided in Section 18871 by this act.

See also Section 18871 in this report.

Section 18721 of the Revenue and Taxation Code is amended.

This act deletes language that became redundant and unnecessary as a result of the general provision provided in Section 18871 by this act.

See also Section 18871 in this report.

Section 18741 of the Revenue and Taxation Code is amended.

This act deletes language that became redundant and unnecessary as a result of the general provision provided in Section 18871 by this act.

See also Section 18871 in this report.

Section 18763 of the Revenue and Taxation Code is amended.

This act deletes language that became redundant and unnecessary as a result of the general provision provided in Section 18871 by this act.

See also Section 18871 in this report.



Section 18782 of the Revenue and Taxation Code is amended.

This act deletes language that became redundant and unnecessary as a result of the general provision provided in Section 18871 by this act.

See also Section 18871 in this report.

Section 18793 of the Revenue and Taxation Code is amended.

This act deletes language that became redundant and unnecessary as a result of the general provision provided in Section 18871 by this act.

See also Section 18871 in this report.

Section 18801 of the Revenue and Taxation Code is amended.

This act deletes language that became redundant and unnecessary as a result of the general provision provided in Section 18871 by this act.

See also Section 18871 in this report.

Section 18812 of the Revenue and Taxation Code is amended.

This act deletes language that became redundant and unnecessary as a result of the general provision provided in Section 18871 by this act.

See also Section 18871 in this report.

Section 18821 of the Revenue and Taxation Code is amended.

This act deletes language that became redundant and unnecessary as a result of the general provision provided in Section 18871 by this act.

See also Section 18871 in this report.

Section 18841 of the Revenue and Taxation Code is amended.

This act deletes language that became redundant and unnecessary as a result of the general provision provided in Section 18871 by this act.

See also Section 18871 in this report.

Section 18851 of the Revenue and Taxation Code is amended.

This act deletes language that became redundant and unnecessary as a result of the general provision provided in Section 18871 by this act.

See also Section 18871 in this report.

Section 18871 of the Revenue and Taxation Code is amended.

This act creates a general provision for voluntary contributions directing that:  
1) voluntary contributions with no specified designee be transferred to the General Fund; and 2) when more than one voluntary contribution is designated and

insufficient moneys exist to satisfy the total amount designated, the amount would be allocated among the designees on a pro rata basis.

Section 19023 of the Revenue and Taxation Code is amended.

This act clarifies that exempt organizations are subject not only to the tax rates, but the "tax imposed" on unrelated business taxable income as provided in existing law, and are required to make estimated tax payments.

See also Sections 19145, 19151, and 23731.

Section 19053 of the Revenue and Taxation Code is repealed.

This act repeals Section 19053 as unnecessary and obsolete since the term "deficiency" is defined in Section 19043.

Section 19059 of the Revenue and Taxation Code is amended.

This act makes the period to assess additional tax resulting from a federal change the same whether information is received from the taxpayer or the IRS. If the department receives notification from the IRS within six months after a final federal determination, the department has two years from the date the change is reported to issue an assessment.

See also Section 18622 and 19060 in this report.

Under uncodified law at Section 105, this act provides that these changes apply to federal determinations that become final on or after January 1, 2000.

Section 19060 of the Revenue and Taxation Code is amended.

This act makes the period to assess additional tax resulting from a federal change the same whether information is received from the taxpayer or the IRS. If the department receives notification from the IRS after six months after a final federal determination, the department has four years from the date the change is reported to issue an assessment.

This act also removes an unclear phrase.

Under uncodified law at Section 105, this act provides that these changes apply to federal determinations that become final on or after January 1, 2000.

Section 19089 of the Revenue and Taxation Code is amended.

This act removes the incorrect reference to proposed "additional" assessments and specifies that the proposed assessments at issue are proposed "deficiency" assessments. This act also clarifies that the period for mailing the notice of proposed deficiency assessment is the "period of limitations."

Section 19106 of the Revenue and Taxation Code is amended.

This act removes the incorrect reference to proposed "additional" assessments and to specify that the proposed assessments at issue are proposed "deficiency" assessments.

Section 19145 of the Revenue and Taxation Code is amended.

This act clarifies that the laws regarding estimate payments apply to exempt organizations.

See also Sections 19023, 19151, and 23731.

Section 19151 of the Revenue and Taxation Code is amended.

This act clarifies that the laws regarding estimate payments apply to exempt organizations.

See also Sections 19023, 19145, and 23731.

Section 19311 of the Revenue and Taxation Code is amended.

This act provides a definition for "final federal determination" by reference to Section 18622.

Under uncodified law at Section 105, this act provides that these changes apply to federal determinations that become final on or after January 1, 2000.

Section 19411 of the Revenue and Taxation Code is amended.

This act removes the incorrect reference to proposed "additional" assessments and to specify that the proposed assessments at issue are proposed "deficiency" assessments.

Section 23043 of the Revenue and Taxation Code is repealed.

This act repeals Section 23043 to remove the non-comprehensive and non-substantive definition of "assessment" because it is unnecessary.

Section 23153 of the Revenue and Taxation Code is amended.

This act makes a technical correction to the minimum franchise tax provisions contained in AB 2798 (Stats. 1998, Ch. 323) by clarifying the type of corporation that would be included in the definition of "qualified new corporation" by clearly specifying that the business must be incorporated under the laws of this state or must have qualified to transact intrastate business in this state. This act also corrects the term "single proprietorship" to read "sole proprietorship."

Section 23221 of the Revenue and Taxation Code is amended.

This act specifies that the reduced minimum franchise tax provisions contained in AB 2798 (Stats. 1998, Ch. 323) apply only to businesses that are incorporated on or after January 1, 1999.

Section 23335 of the Revenue and Taxation Code is amended.

This act makes a technical correction by removing the reference to the subdivisions of the code sections referenced in this section.

Section 23612.2 of the Revenue and Taxation Code is amended.

This act makes a technical correction to change "either a bank or corporation" to "a corporation" since banks are included in the definition of corporation.

Section 23622.7 of the Revenue and Taxation Code is amended.

This act makes technical corrections by removing "bank or" since banks are included in the definition of corporation and by replacing the term "taxable year" with "income year."

Section 23645 of the Revenue and Taxation Code is amended.

This act makes apportionment formula technical clean-up changes to the LAMBRA sales or use tax credit made necessary by the enactment of AB 2798 (Stats. 1998, Ch. 323). AB 2798, as enacted, modified the apportionment formula for all other economic development area tax incentives, including the LAMBRA NOL, but inadvertently left out the modifications for the apportionment formula for the LAMBRA sales or use tax credit.

This act also makes a technical correction by replacing the term "taxable year" with "income year."

Section 23649 of the Revenue and Taxation Code is amended.

This act makes changes to the MIC that inadvertently were left out of AB 2798 (Stats. 1998, Ch. 323). AB 2798 extended the MIC to manufacturers of custom or prepackaged computer software partly by adding computers and computer peripheral equipment to the definition of "qualified property." However, AB 2798 failed to modify a reference to "qualified property" contained in another subdivision relating to certain capitalized labor costs qualifying for the MIC. This act modified the reference to "qualified property" to ensure that the reference includes the change made by AB 2798 regarding computers and computer peripheral equipment, as well as restored the capitalized labor costs qualifying for the MIC to the same class of taxpayers who qualified for such items prior to the enactment of AB 2798.

Under uncoded law at Section 104, this act provides that these MIC changes apply to the same taxable or income years as does AB 2798 – those beginning on or after January 1, 1998.

NOTE: As provided by uncoded law at Section 106 of this act, Section 23649 was joined to AB 473. If both bills had been enacted, the changes made to Revenue and Taxation Code Section 23649 by this act would have remained operative only until the operative date of AB 473 and then the changes made by AB 473 would have become operative. However, AB 473 was not enacted; thus only the changes made to Section 23649 by this act are operative.

Section 23701c of the Revenue and Taxation Code is amended.

This act makes a technical correction by changing the word "earning" to "earnings."

Section 23701q of the Revenue and Taxation Code is repealed.

This act repeals Section 23701q as no longer necessary because the language became obsolete from the passage of time.

Section 23704.5 of the Revenue and Taxation Code is amended.

This act makes numerous technical changes to the phrasing of references to other code sections and to the numerical structure of the section.

Section 23704.6 of the Revenue and Taxation Code is amended.

This act technically changes the phrasing of a reference to another code section and deleted obsolete operative date provisions.

Section 23731 of the Revenue and Taxation Code is amended.

This act strikes the word "rates" to clarify that exempt organizations are subject not only to the rates, but the "tax imposed" by this section.

See also Sections 19023 and 19145.

Section 23736.1 of the Revenue and Taxation Code is amended.

This act restructured Section 23736.1 by moving the provisions regarding inapplicability of the section to the end of the section. This act also made technical changes throughout this section, such as changing "such" to "that."

Section 23740 of the Revenue and Taxation Code is amended.

This act makes numerous technical changes to the phrasing of references to other code sections and correcting the term "on taxable" to "nontaxable." This act also made technical changes throughout this section, such as changing "such" to "that."

Section 23776 of the Revenue and Taxation Code is amended.

This act: (1) eliminates the requirement for the exempt organization revivor fee, and (2) requires all exempt organizations to submit a new exemption application when requested by the department.

See also Section 23777 and 23778.

Section 23777 of the Revenue and Taxation Code is amended.

This act specifies that an exempt organization may be revoked for failure to file any return required of the organization and pay any tax due (rather than specific returns and taxes due).

See also Section 23776 and 23778.

Section 23778 of the Revenue and Taxation Code is amended.

This act specifies that an organization whose exemption was revoked for failure to pay any required fees or taxes or fails to file required returns may be

reestablished as an exempt organization only upon payment of any taxes or filing of any returns due.

See also Section 23776 and 23777.

Section 24306 of the Revenue and Taxation Code is amended.

This act makes changes that AB 1613 (Stats. 1998, Ch. 792) made to PITL provisions relating to Scholarshare, but inadvertently failed to include in the equivalent B&CTL provisions.

Section 24357.6 of the Revenue and Taxation Code is amended.

This act makes technical changes to the phrasing of references to other code sections.

Section 24410 of the Revenue and Taxation Code is amended.

This act makes technical changes by changing the word "such" to "that" or "those" where appropriate.

NOTE: As provided by uncodified law at Section 107 of this act, Section 97.5 of this act was joined to SB 1125. If both bills had been enacted, the changes made to Revenue and Taxation Code Section 24410 by Section 97.5 of this act would have removed the commercial domicile restriction from Section 24410. However, since SB 1125 was not enacted, the removal of the commercial domicile restriction contained in Section 97.5 of this act is not operative. Instead, only the changes to Section 24410 made by Section 97, which are the technical changes, are operative.

Section 24416.2 of the Revenue and Taxation Code is amended.

This act technically changes the enterprise zone NOL provisions by including a reference to other economic development area NOL sections. Also, this act replaces the word "Includes" with "includes."

Section 24416.5 of the Revenue and Taxation Code is amended.

This act makes technical changes to the LAMBRA provisions made necessary by the enactment of AB 3 (Stats. 1998, Ch. 1012). Specifically, this act deletes the sunset and repeal dates of the LAMBRA NOL provisions intended to be deleted by AB 3.

Section 24436.5 of the Revenue and Taxation Code is amended.

This act clarifies that substandard housing could be housing that is either (1) occupied, or (2) unoccupied or abandoned.

Section 25106 of the Revenue and Taxation Code is amended.

This act eliminates obsolete language regarding pending litigation on intercompany dividends.

Section 25114 of the Revenue and Taxation Code is amended.

This act clarifies that for purposes of determining the correct amount of tax for water's-edge electors, the presumption of correctness attaches to all federal audit determinations, including determinations made at the audit, appeals, and/or competent authority levels. This act also clarifies the federal code sections involved by adding references to the Internal Revenue Code.

Under uncodified law at Section 108(a), this act provides that these changes to the water's-edge provisions are declaratory of existing law.

NOTE: As provided by uncodified law at Section 108 (b) and (c) of this act, Section 102.5 of this act was joined to AB 1208. If both bills had been enacted, the changes made to Revenue and Taxation Code Section 25114 by Section 102.5 of this act would have become operative. However, AB 1208 was not enacted; thus only the changes made to Revenue and Taxation Code Section 25114 by Section 102 are operative.

Section 1185 of the Unemployment Insurance Code is amended.

This act clarifies that payments for refund of excess state disability insurance need not be made directly from the State Disability Insurance Fund and that interest would be paid according to the method and rate for overpayments of tax rather than the method and rate applicable to overpayments of amounts creditable to the State Disability Insurance Fund.

Thus, this act retains the program to refund excess state disability insurance through the tax return while ensuring that taxpayers who fail to claim the credit on their return still will be identified as quickly as possible to receive a refund of their excess contributions. Moreover, this act allows interest at the same rate and under the same conditions as if a taxpayer had excessive income tax withheld from his or her paycheck.

As a tax levy, this act is effective immediately. Except as otherwise stated in this report, the provisions of this act apply to taxable or income years beginning on or after January 1, 1999.

This act will not require any reports by the department to the Legislature.